

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2021-4-G - ORDER NO. 2021-515  
AUGUST 20, 2021

IN RE: Annual Review of Purchased Gas	) ORDER RULING ON PURCHASED
Adjustment and Gas Purchasing	) GAS ADJUSTMENT AND GAS
Policies of Piedmont Natural Gas	) PURCHASING POLICIES AND
Company, Inc.	) APPROVING SETTLEMENT
	) AGREEMENT

**I. INTRODUCTION**

This gas utility matter comes before the Public Service Commission of South Carolina (Commission) by way of its required annual review of the purchased gas adjustment and gas purchasing policies of Piedmont Natural Gas Company, Inc. (Piedmont or PNG) as established in Order No. 1988-294.<sup>1</sup>

The Review Period for this annual review is April 1, 2020, through March 31, 2021. The Office of Regulatory Staff (ORS) is a party of record to this docket pursuant to section 58-4-10(B) of the South Carolina Code of Laws (Supp. 2020).<sup>2</sup> The parties, Piedmont and ORS, filed a Settlement Agreement with the Commission on June 22, 2021, which is attached as Order Exhibit 1.<sup>3</sup> Thereafter, the Commission virtually conducted the scheduled hearing on July 15, 2021, beginning at 10:00 a.m. with the Honorable Justin T.

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<sup>1</sup> Order No.1988-294, dated April 6, 1988, in Docket Nos. 1983-126-G and 1986-217-G.

<sup>2</sup> The Commission provided notice to the South Carolina Department of Consumer Affairs (SCDCA) pursuant to section 58-4-10(B) of the South Carolina Code of Laws (Supp. 2020), but SCDCA did not intervene or participate in the docket.

<sup>3</sup> Hearing Exhibit No. 1.

Williams, Chairman, presiding in the Commission's hearing room located at 101 Executive Center Drive in Columbia, South Carolina, with the Honorable Florence P. Belser, the Honorable Stephen "Mike" Caston, the Honorable Carolyn "Carolee" L. Williams, the Honorable Headen B. Thomas, and the Honorable Delton W. Powers, Jr., present or in attendance. The Honorable Thomas J. "Tom" Ervin was on medical leave.

As set forth more fully below, the Commission approves the settlement agreement as a reasonable resolution of the issues in this proceeding, finds the agreement to be in the public interest, and finds the gas adjustment and gas purchasing policies of Piedmont are just and reasonable.

## **II. FACTS AND PROCEDURAL HISTORY**

On February 8, 2021, the Commission's Clerk's Office filed a Notice of the July 15, 2021, hearing scheduled in this docket to review the purchased gas adjustment and purchasing policies of Piedmont as required by Order No. 1988-294. T. Richmond McPherson III, Esquire, submitted filings on behalf of Piedmont. On February 10, 2021, Jeffrey Nelson, Esquire, Christopher Huber, Esquire, and Lessie Hammonds, Esquire, filed a Notice of Appearance on behalf of the Office of Regulatory Staff (ORS), a party of record pursuant to section 58-4-10 of the South Carolina Code of Laws (Supp. 2020).

On May 21, 2021, Piedmont provided proof it published the Notice in newspapers and a Certification attesting it notified all customers by inserting a copy of the Notice in bills mailed or electronically provided to customers. No party intervened. On June 2, 2021, Piedmont prefiled the testimony of three witnesses, and on June 16, 2021, ORS prefiled the testimony of two witnesses. By Directive Order on June 23, 2021, the

Commission granted the applications for *pro hac vice* admission of Melinda L. McGrath, Esquire, and James H. Jeffries, IV, Esquire, appearing for Piedmont.

On June 22, 2021, ORS filed a Settlement Agreement executed between Piedmont and ORS. In the agreement, the parties stipulated to the witnesses' prefiled testimony and exhibits. Furthermore, the parties agreed that (1) Piedmont's gas purchasing policies and practices "were reasonable and prudent;" (2) Piedmont followed the appropriate gas recovery provisions of Commission orders and its tariff; (3) Piedmont managed its Hedging Plan in a reasonable manner; and (4) the balances of Piedmont's deferred gas costs and hedging account activity "are reflected in the pre-filed testimony and exhibits of Piedmont witness MaryBeth Tomlinson." (Settlement, pp. 2-3). Both parties ask the Commission to approve the Settlement Agreement. (*Id.*, p. 3).

On July 15, 2021, the Commission conducted a merits hearing.<sup>4</sup> At the hearing, and upon the motion of ORS with the consent of Piedmont, the Commission accepted into the record as Hearing Exhibit No. 1 the Settlement Agreement between Piedmont and ORS. The Commission further accepted into the record as evidence the pre-filed direct testimony and exhibits<sup>5</sup> of Piedmont witness MaryBeth Tomlinson, the pre-filed settlement testimony of MaryBeth Tomlinson, the pre-filed direct testimony of Piedmont witness Todd Breece, and the pre-filed direct testimony and exhibits<sup>6</sup> of Piedmont witness Jeffrey Patton. The pre-filed direct testimony of ORS witness Michael Seaman-Huynh and the pre-filed direct

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<sup>4</sup> Due to public health concerns and the COVID-19 pandemic, the Commission conducted the scheduled hearing virtually.

<sup>5</sup> Hearing Exhibit No. 2 is a composite exhibit of prefiled exhibits MBT-1 and MBT-2.

<sup>6</sup> Hearing Exhibit No. 3 is a composite exhibit of prefiled exhibits JCP-1A, JCP-1B, JCP-2, JCP-3, JCP-4A, JCP-4B, JCP-4C, JCP-5A, JCP-5B, JCP-5C, JCP-6, JCP-7, JCP-8.

testimony and exhibits<sup>7</sup> of ORS witness Daniel F. Sullivan were also accepted into the record as evidence by the Commission following summaries presented by the sworn testimony from each witness. On July 21, 2021, the Commission voted to approve the settlement agreement and to find that Piedmont's gas purchasing policies and practices during the Review Period were reasonable and prudent:

The Company properly adhered to the gas cost recovery provisions of its gas tariff and Commission orders. The Company managed its hedging program in a reasonable and prudent manner consistent with Commission orders. The end-of-period balances for Piedmont's hedging account and deferred gas cost account are reflected in the testimony and evidence as presented at the hearing.

### III. EVIDENCE OF RECORD

At the hearing, Piedmont witness Tomlinson testified to the end-of-period balances and the accounting for Piedmont's deferred gas cost account (Account #253.133) in order for the Commission to determine whether or not Piedmont's true-up procedures for the Review Period of April 1, 2020, through March 31, 2021, resulted in a properly stated cost of gas, as well as whether Piedmont's gas costs were properly recorded in compliance with Piedmont's Gas Cost Recovery Mechanism and Hedging Plan. *Tomlinson Direct Testimony, p. 2, l. 9–14.* That accounting is set out in Composite Hearing Exhibit No. 2, which is Exhibit\_MBT-1 and Exhibit\_MBT-2 attached to the pre-filed testimony of MaryBeth Tomlinson. Exhibit\_MBT-1 is a summary of the Review Period activity reviewed by ORS' audit staff as part of their annual audit of Piedmont's gas costs each

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<sup>7</sup> Hearing Exhibit No. 4 is a composite exhibit of prefiled exhibits DFS-1, DFS-2, and DFS-3.

month, the amount of gas costs recovered each month, and amounts deferred each month. *Tomlinson Direct Testimony, p. 2, l. 19 – p. 3, l. 4.* Exhibit\_MBT-2 is a summary of the hedging account which was reviewed by the ORS audit staff and this summary records the results of Piedmont’s hedging activities undertaken in accordance with its hedging plan during the Review Period. *Tomlinson Direct Testimony, p. 3, ll. 6-14.*

Piedmont witness Breece testified regarding Piedmont’s gas purchasing policies and the components of the “best cost” gas purchasing policy. *Breece Direct Testimony, p. 2, l. 16 – p. 5, l. 18.* Witness Breece stated that PNG did not implement any changes in its “best cost” gas purchasing policies or practices during April 1, 2020 through March 31, 2021 (the “Review Period”). *Breece Direct Testimony, p. 14, l. 7-8.* Breece further testified that the Company’s South Carolina customers incurred an increase in the net economic cost of \$239,779.14 as a result of the Company’s approved Hedging Plan during this review period, which included the cost of commissions, software, subscriptions, and a data feed that amounted to an average cost per customer of roughly \$0.13 per month. *Breece Direct Testimony, p. 14, l. 18 p. 15, l. 2; See also, Hearing Exhibit No. 2 (Exhibit MBT-2).*

While the Company did not make any changes to its Hedging Plan during the review period, Witness Breece also testified that PNG has taken numerous measures to manage its gas costs in a manner consistent with its “best cost policy,” including active participation at the Federal Energy Regulatory Commission (“FERC”) and other regulatory agencies proceedings, utilizing the flexibility available within its supply and capacity contracts to purchase and dispatch gas, release capacity and initiate secondary marketing

sales in the most cost-effective manner that resulted in an additional \$496,525.27 in secondary market credits when compared to previous review period, and the promotion of more efficient peak day use of natural gas and load growth from “year-round” markets in order to improve Piedmont’s load factor and reduce average unit costs. *Breece Direct Testimony*, p. 16, l. 18 – p. 17, l. 10. He added that the “best cost” purchasing policy utilized by PNG has been reviewed and found prudent on all occasions in South Carolina and the other jurisdictions in which PNG operates. *Breece Direct Testimony*, p. 17, l. 12 – p. 18, l. 3.

Jeffrey Patton testified on behalf of Piedmont and noted PNG serves approximately 155,150 customers in South Carolina and that during the Review Period, PNG delivered 64,972,824 dekatherms (“dts”) of natural gas to its South Carolina customers. *Patton Direct Testimony*, p. 3, ll. 6-10. Patton further testified that during the Review Period, 60,449,608 dts, or approximately 93%, of Piedmont’s South Carolina deliveries were to the firm market. *Patton Direct Testimony*, p. 4, ll. 1-2. Patton also testified that

[i]n the interruptible market, Piedmont competes on a month-to-month and day-to-day basis with alternative sources of energy, primarily fuel oil or propane and, to a lesser extent, coal or wood. These larger commercial and industrial customers will buy alternate fuels when they are less expensive than natural gas. During the Review Period, 4,523,216 dts, or approximately 7% of Piedmont’s South Carolina deliveries were to the interruptible market.

*Patton Direct Testimony*, p. 4, ll. 3-8.

Witness Patton also explained the market requirements of PNG customers continue to increase from year-over-year and that its customer base continues to grow; making projecting customer growth important to ensure that Piedmont can satisfy its market needs.

*Patton Direct Testimony, p. 4, l. 20 – p. 5, l. 18.* According to PNG, it used the same methodology to calculate the design day needs of its system based on a number of factors and inputs, including historical weather, historical operating experience, forecasted customer additions, and projected demand. *Patton Direct Testimony, p. 5, l. 22 – p. 6, l. 10; See Hearing Exhibit No. 3 (Exhibits JCP-4A, JCP-4B and JCP-4C).* Piedmont did refine its design day calculation for Winter 2021-2022 to improve its methodology without significant impact on the design day requirements for the future. *Patton Direct Testimony, p. 8, l. 20 – p. 11, l. 13; See Hearing Exhibit No. 3 (Exhibits JCP-5A, JCP-5B, JCP-5C, and JCP-8).*

Patton testified that with regard to energy conservation measures, Piedmont continues to observe that its customers tend to conserve for the first few days of colder temperatures, but then turn up the thermostat in response to the colder temperatures. Once adjusted to a warmer setting, customers appear to become less focused on conservation and more focused on comfort and leave the thermostat at the warmer level for a few days even as temperatures start to moderate. *Patton Direct Testimony, p. 6, l. 22 – p. 7, l. 2; See Exhibit JCP-3.* Patton testified that the Company uses a conservative approach and calculates a 5% reserve margin to ensure its ability to provide safe and reliable service to its firm customer base during design day conditions. *Patton Direct Testimony, p. 7, ll. 3 – 22.* Additionally, Patton further testified about Piedmont's plans to address future requirements that would have been met by the Atlantic Coast Pipeline (ACP Project). Piedmont had contracted for 160,000 dts per day of firm pipeline service on the ACP Project in order to provide additional upstream capacity, supply access, and infrastructure.

In light of ACP's cancellation of the project in July 2020, Piedmont has been evaluating interstate pipeline alternatives to serve future demand combined with system infrastructure requirements that would have been met by ACP. *Patton Direct Testimony, p. 14, ll. 6 – 11.*

ORS witness Seaman-Huynh testified that PNG had adequate firm supplies to meet its firm customer requirements; is using a "best cost" gas purchasing policy; is continuing its attempts to get the best terms available in its negotiations with suppliers; has been active in relevant FERC proceedings; and managed its hedging activities in a manner consistent with the terms of its approved hedging program during the Review Period. *Seaman-Huynh Direct Testimony, p. 4, l. 17- p. 6, l. 2.* ORS witness Seaman-Huynh further testified about Piedmont's purchasing practices following the review and examination by ORS which included review of its hedging program, the administration of Piedmont's approved Gas Cost Recovery Mechanism ("GCRM"), and Piedmont's capacity and supply capabilities for the upcoming winter. *Seaman-Huynh Direct Testimony, p. 6, ll. 3-17.* Piedmont's purchasing practices consist of contracts with several interstate pipeline companies for transportation capacity, storage service, and it has two liquified natural gas ("LNG") peaking facilities located in Huntersville and Bentonville, North Carolina. Piedmont also purchases commodity supply from producers and marketers to both meet the needs of its firm customers on a peak design day as well as to meet the annual usage requirements of all its customers. *Seaman-Huynh Direct Testimony, p. 4, ll. 3-16.*

Seaman-Huynh also testified that ORS found Piedmont prepared to meet its obligations to serve its customers. *Seaman-Huynh Direct Testimony, p. 7, ll. 7-12.*



Additionally, Seaman-Huynh testified that Piedmont meets the requirements of its customers by prudently purchasing gas and used a “best cost” gas purchasing policy.

*Seaman-Huynh Direct Testimony, p. 5, ll. 5-16.*

Seaman-Huynh discussed the examination of Piedmont’s hedging program and testified that Piedmont operated its hedging activities in compliance with the Commission approved hedging program and has no recommendations to change Piedmont’s current hedging program. *Seaman-Huynh Direct Testimony, p. 5, l. 17 – p. 6, l. 17.* ORS reviewed and examined Piedmont’s forecasted Firm Design Day requirement for the upcoming 2021-2022 winter season and the measures that Piedmont is taking to ensure the reliability of the capacity and supplies. *Seaman-Huynh Direct Testimony, p. 6, ll. 18-23.* ORS witness Seaman-Huynh testified that ORS’s review determined that Piedmont has taken steps to secure firm capacity and supply for future demand on its system and that these steps include contracting with interstate pipelines for capacity on their systems, acquiring storage capacity, enhancing their LNG capabilities, and negotiating contracts with suppliers. *Seaman-Huynh Direct Testimony, p.7, ll. 1-6.* ORS does recommend that Piedmont continue its practice of monitoring its firm transportation, storage, supply and LNG capabilities based upon its forecasted firm demand and continuing changes in the natural gas industry for future planning periods. *Seaman-Huynh Direct Testimony, p. 7, ll. 7-12.*

The current Benchmark Commodity Cost of Gas, GCRM-151, included in Piedmont’s rates is \$2.00 per dekatherm, which became effective with the first billing cycle of January 2020. *Seaman-Huynh Direct Testimony, p. 8, ll. 12-18.* ORS witness Seaman-

Huynh testified that ORS did not recommend any change to the Benchmark Commodity Cost of Gas and that Piedmont correctly administered its GCRM-151 during the Review Period. *Id.*

ORS witness Sullivan testified that under his supervision ORS performed a review of Piedmont's purchased gas deferred account, storage inventory activity, and hedging account activity for the Review Period. *Sullivan Direct Testimony, p. 3, l. 19 - p. 7, l. 16; see Hearing Exhibit 4 (Audit Exhibit DFS-1, DFS-2, and DFS-3).* He also explained in detail the components that comprised Piedmont's (over)/under collection in the purchased gas deferred account. *Id.*

ORS verified the calculation of ending inventory balances and the injections and withdrawals to the daily storage activity worksheets for each facility. *Sullivan Direct Testimony, p. 7, l. 17 – p. 9, l. 9; see Hearing Exhibit 4 (Audit Exhibit DFS-2).* He also testified that the cumulative loss at the end of the Review Period for the hedging program is \$42,549,716. *Sullivan Direct Testimony, p. 9, ll. 12-22; see Hearing Exhibit 4 (Audit Exhibit DFS-3).* Based upon that examination, Sullivan testified that ORS was of the opinion "that the over collection balance in the purchased gas deferred account at March 31, 2021 of (\$2,389,099.67), shown on Piedmont witness Tomlinson's Exhibit MBT-1 is accurately stated." *Sullivan Direct Testimony, p. 10, ll. 1-5.*

#### **IV. APPLICABLE LAW**

The Commission has the authority and the jurisdiction to regulate Piedmont:

The Public Service Commission is hereby, to the extent granted, vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the power, after hearing, to ascertain and

fix such just and reasonable standards, classifications, regulations, practices and measurements of service to be furnished, imposed, observed and followed by every public utility in this State and the State hereby asserts its rights to regulate the rates and services of every “public utility” as herein defined.

S.C. Code Ann. § 58-5-210 (2015). “All rates, tolls and charges proposed to be put into effect by any gas utility shall be first approved by the commission before they shall become effective . . . .” S. C. Code Ann. Regs. 103-403(A). ORS has the authority to examine Piedmont’s records: “The books and accounts of all public utilities shall be subject to the examination of the regulatory staff at any time.” § 58-5-230.

The Commission mandated an annual review of Piedmont purchases and policies in Order No. 1988-294:

The Commission is cognizant of Proposed Rulemaking by the Federal Energy Regulatory Commission involving natural gas regulation and is concerned about the impact of these matters as they may affect Piedmont and its customers. Therefore, the Commission determines that annual public hearings be scheduled to review the Company’s purchased gas adjustment and gas purchasing policies.

*Id.*, p. 15.

Fourteen years after issuing Order No. 1988-294, the Commission approved the natural gas hedging program of Piedmont in Order No. 2002-223, concluding: “the program is designed to reduce volatility in and stabilize to a degree the wholesale costs of natural gas paid by South Carolina customers serviced by Piedmont.” *Id.*, p. 6. The Order went on to state:

**All properly accounted for costs** of Piedmont’s natural gas hedging program incurred in accordance with the plan shall be treated as prudently incurred gas costs, subject to review

and modification by the Staff, except for incremental personnel and related administrative costs which may be recovered as O&M costs in a general rate proceeding, and shall be fully recoverable by Piedmont through its approved Gas Cost Recovery Mechanism. All properly accounted for costs include, in addition to gas purchased under the hedging program, systems, brokerage, and consultant costs and margin requirements . . . .

*Id.*, pp. 7-8 (emphasis added).

## **V. FINDINGS OF FACT**

After review of all of the evidence, including the testimony and exhibits of the witnesses and the Settlement Agreement, the Commission makes the following findings of fact:

1. The Settlement Agreement is in the public interest and constitutes a just and reasonable resolution of the issues in this docket.
2. Piedmont's gas purchasing policies and practices during the Review Period of April 1, 2020 through March 31, 2021 were just and reasonable.
3. Piedmont properly adhered to the gas cost recovery provision of its gas tariff and relevant Commission orders during the Review Period.
4. Piedmont managed its hedging program during the Review Period in a reasonable and prudent manner consistent with Commission orders.
5. The end-of-period balances for Piedmont's deferred gas cost account and Piedmont's hedging account activity during the Review Period (April 1, 2020 through March 31, 2021) are reflected in the evidence and in the testimony of Piedmont witness Tomlinson and of ORS witness Sullivan.

## **VI. CONCLUSIONS OF LAW**

1. The Commission conducted an annual review of Piedmont's purchases and policies as set forth in Order No. 1988-294, including a review of Piedmont's natural gas hedging program as addressed in Order No. 2002-223.

2. Based on the evidence of record, the purchased gas adjustment and the gas purchasing policies of Piedmont, as set forth in the Settlement Agreement, are just and reasonable and are hereby approved pursuant to the authority of the Commission in section 58-5-210 of the South Carolina Code of Laws (2015) and Regulations 103-403(A) of the South Carolina Code of State Regulations (2012).

## **VII. ORDERING PROVISIONS**

### **IT IS THEREFORE ORDERED:**

1. Piedmont, as required by Order No. 1988-294, has undergone the annual review of its purchased gas adjustment and gas purchasing policies for the Review Period, April 1, 2020, through March 31, 2021.

2. Piedmont filed its regular reports as required by Order No. 2002-223 on the status of its hedging program and the results of its hedging activities for the Review Period of April 1, 2020 through March 31, 2021.

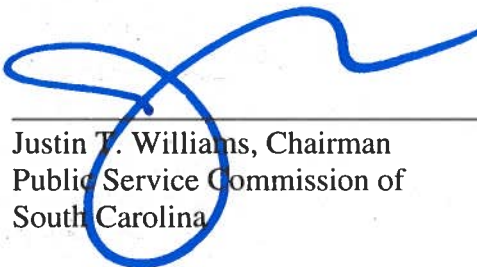
3. The testimony and exhibits of the parties, specifically, Piedmont witnesses Todd Breece, Jeffrey C. Patton, and MaryBeth Tomlinson, and ORS witnesses Sullivan and Seaman-Huynh, are accepted into the record.

4. The Settlement Agreement, found to be in the public interest and constituting a reasonable resolution of the issues in this proceeding, is accepted into the record, incorporated into this Order, and attached as Order Exhibit 1.

3. The end-of-period balances for Piedmont's deferred gas cost account and Piedmont's hedging account activity during the Review Period as reflected in the evidence and in the testimony of Piedmont witness Tomlinson (Pre-filed Direct Exhibit MBT-1 and MBT-2, Composite Hearing Exhibit 2), are reasonable and prudent, are incorporated into this Order, and are attached as Order Exhibit 2.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



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Justin T. Williams, Chairman  
Public Service Commission of  
South Carolina

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2021-4-G**

**June 22, 2021**

IN RE: Annual Review of Purchased Gas Adjustment )  
and Gas Purchasing Policies of Piedmont ) **SETTLEMENT AGREEMENT**  
Natural Gas Company, Inc. )

This Settlement Agreement is made by and between the South Carolina Office of Regulatory Staff ("ORS") and Piedmont Natural Gas Company, Inc. ("Piedmont" or "the Company") (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, by Order No. 88-294, dated April 6, 1988, the Public Service Commission of South Carolina ("Commission") instituted an annual review of Piedmont's Purchased Gas Adjustment and Gas Purchasing Policies. Additionally, in Order No. 2002-223, dated March 26, 2002, in Docket No. 2001-410-G, the Commission required Piedmont to file regular reports on the status of its hedging program ("Hedging Plan") and the results of its hedging activities.

WHEREAS, the review period for the above-captioned docket is April 1, 2020 through March 31, 2021 ("Review Period");

WHEREAS, the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket. There are no other parties of record in this proceeding;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interests and in the public interest;

WHEREAS, following those discussions the Parties each determined that their interests and the public interest would be best served by settling the above-captioned proceeding under the terms and conditions set forth below:

1. The Parties agree to stipulate into the record before the Commission the pre-filed direct testimony of Piedmont witness Todd Breece and the pre-filed direct testimony and exhibits of Piedmont witnesses Jeffrey Patton and MaryBeth Tomlinson without objection, change, amendment, or cross-examination by the Parties unless such is mutually agreed upon. The Company will present its witnesses at the hearing (to be conducted virtually per the Commission's February 8, 2021 *Notice of Hearing and Prefile Testimony Deadlines* in this docket) and MaryBeth Tomlinson will testify in support of this Settlement Agreement.

2. The Parties agree to stipulate into the record before the Commission the pre-filed direct testimony and exhibits of ORS witness Daniel F. Sullivan and the pre-filed direct testimony of ORS witness Michael L. Seaman-Huynh without objection, change, amendment, or cross-examination by the Parties unless such is mutually agreed upon. ORS will present its witnesses at the hearing.

3. The Parties further agree that with the stipulated testimony of record and the agreement of the Parties regarding the Review Period activity and end-of-period account balances, the hearing record before the Commission will demonstrate the following: (i) Piedmont's gas purchasing policies and practices during the Review Period were reasonable and prudent; (ii) Piedmont properly adhered to the gas cost recovery provisions of its gas tariff and relevant Commission orders during the Review Period; (iii) Piedmont managed its Hedging Plan during the Review Period in a reasonable and prudent manner consistent with Commission orders; and (iv) the end-of-period balance for Piedmont's deferred gas cost account and Piedmont's hedging



account activity during the Review Period are reflected in the pre-filed direct testimony and exhibits of Piedmont witness MaryBeth Tomlinson.

4. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

5. The Parties agree that the act of signing this Settlement Agreement will not constrain, inhibit, or impair their arguments or positions in future proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

6. This Settlement Agreement shall be interpreted according to South Carolina law.

7. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Settlement Agreement.

8. Facsimile signatures and electronic signatures shall be as effective as original signatures to bind any Party.

9. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

**[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]**

**Representing the South Carolina Office of Regulatory Staff**



Christopher M. Huber

C. Lessie Hammonds

Jeffrey M. Nelson

**South Carolina Office of Regulatory Staff**

1401 Main Street, Suite 900

Columbia, South Carolina 29201

Tel.: (803) 737-0800

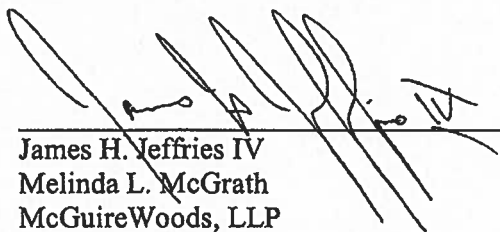
Fax: (803) 737-0895

Email: [chuber@ors.sc.gov](mailto:chuber@ors.sc.gov)

[lhammonds@ors.sc.gov](mailto:lhammonds@ors.sc.gov)

[jnelson@ors.sc.gov](mailto:jnelson@ors.sc.gov)

**Representing Piedmont Natural Gas Company, Inc.**

A handwritten signature in black ink, appearing to read "James H. Jeffries IV", is written over a horizontal line.

James H. Jeffries IV  
Melinda L. McGrath  
McGuireWoods, LLP  
201 North Tryon Street  
Suite 3000  
Charlotte, NC 28202-2146  
T: (704) 343-8988  
F: (704) 353-6166  
jjeffries@mcguirewoods.com  
mmcgrath@mcguirewoods.com

Piedmont Natural Gas Co., Inc. - South Carolina  
Gas Cost Deferred Account Activity  
Annual Prudence Review - Docket No. 2021-4-G  
12 Months Ended March 31, 2021  
Debits = Due from Customers (Credits) = Due to Customers

Exhibit \_\_\_\_\_

Reporting Month >>>	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Totals
Gas Flow Month >>>	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
Beginning Balance	(1,450,387.43)	(1,165,374.20)	(616,941.36)	(5,051,887.86)	(4,388,526.89)	(3,968,731.91)	(3,350,836.31)	(2,970,186.91)	(1,584,910.78)	(2,356,533.74)	(4,505,714.28)	(2,795,977.34)	
Billed vs. Filed Commodity True - Up	(357,091.75)	(247,312.81)	(932,455.13)	(251,772.81)	(289,681.39)	(82,584.14)	(105,276.72)	721,258.38	1,395,395.97	1,087,370.42	4,106,486.08	625,219.02	5,849,535.12
Demand True-Up	804,770.36	1,062,805.32	559,513.30	1,212,894.25	1,023,899.88	1,004,132.95	805,204.36	292,221.07	(1,737,055.05)	(2,233,614.44)	(1,341,336.56)	41,429.70	1,494,865.12
Negotiated Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Capacity Release Credits	(224,559.47)	(268,421.95)	(262,504.77)	(266,289.85)	(268,958.35)	(265,503.92)	(227,785.67)	(354,448.11)	(430,744.78)	(429,748.05)	(400,886.58)	(369,804.35)	(3,767,455.85)
SC Portion of Off System Sales Revenue	(74,015.50)	(318,669.58)	(266,835.16)	(292,401.15)	(306,639.97)	(397,786.28)	(64,725.72)	(73,011.77)	(1,583,750.17)	(1,274,852.04)	(1,934,240.36)	(532,651.74)	(7,121,178.62)
SC Portion of Off System Sales Costs	63,485.85	272,870.75	223,699.71	260,207.96	265,725.75	353,398.39	42,454.15	23,762.55	1,129,682.48	1,114,778.64	1,739,786.78	485,439.64	5,975,294.64
WNA	247.22	1.13	(24.92)	(10.38)	20.72	(4.83)	301.63	770,875.41	432,815.10	(438,580.89)	(483,707.71)	(39,173.78)	242,778.72
Supplier Refunds	(6.36)	(56.38)	(3,770,630.26)	-	-	(1,173.82)	-	(0.05)	-	-	-	-	(3,771,860.57)
SC - Uncollectibles	23,935.84	24,505.68	8,811.62	4,657.57	7,302.30	9,275.99	(982.31)	194.34	2,329.33	9,008.55	29,444.64	109,945.99	228,429.64
Monthly Hedging Transfer	49,652.48	21,681.00	8,442.46	832.32	(3,246.32)	394.06	(73,733.97)	80,333.31	22,297.26	41,208.80	394.06	91,523.70	239,779.34
Other Adjustments	-	-	-	-	-	-	-	(63,927.27)	-	-	-	-	(63,927.27)
Ending Balance Before Interest	(1,163,968.98)	(615,969.06)	(5,048,724.53)	(4,383,789.75)	(3,982,104.27)	(3,346,583.51)	(2,975,180.56)	(1,581,927.05)	(2,353,940.66)	(4,500,742.75)	(2,789,593.95)	(2,384,049.14)	
Interest	(1,405.22)	(972.32)	(3,163.33)	(4,757.14)	(4,627.64)	(4,052.80)	(4,006.35)	(2,983.73)	(2,593.08)	(4,971.53)	(6,383.39)	(5,050.53)	(44,967.60)
Ending Balance	(1,165,374.20)	(616,941.36)	(5,051,887.86)	(4,388,526.89)	(3,986,731.91)	(3,350,836.31)	(2,979,186.91)	(1,584,910.78)	(2,356,533.74)	(4,505,714.28)	(2,795,977.34)	(2,389,099.67)	
Monthly Interest Rate	1.290%	1.310%	1.340%	1.210%	1.330%	1.330%	1.520%	1.570%	1.580%	1.740%	2.100%	2.340%	

(1) Other Adjustment for the December Reporting month is related to the termination of the Special Decrement Rate and recording the remaining regulatory balance due to customers as noted in SCPSC Docket # 2020-7-G.

Piedmont Natural Gas Company, Inc. - South Carolina  
Hedging Account Activity  
Annual Prudence Review - Docket No. 2021-4-G  
12 Months Ended March 31, 2021  
Debits = Due from Customers (Credits) = Due to Customers

Exhibit \_\_ (MBT-2)

	# of Contracts Executed / Exercised	Beginning Balance	Net Options Premium	Fees 1	Margin Requirement (P&L Cash Act)	Consultant Fees	Proceeds from Positions	Fees 2	Interest from Brokerage Account	Other Monthly Fee	Monthly Gain / Loss Transfer
April 2020	49	\$ -	48,510.00	759.50	-	382.96	-	-	-	-	49,652.46
May 2020	22	\$ -	21,340.00	341.00	-	-	-	-	-	-	21,681.00
June 2020	9	\$ -	7,920.00	139.50	-	382.96	-	-	-	-	8,442.46
July 2020	-	\$ -	-	-	-	832.52	-	-	-	-	832.52
August 2020	6	\$ -	-	-	-	405.16	(3,660.00)	8.52	-	-	(3,246.32)
September 2020	-	\$ -	-	-	-	394.06	-	-	-	-	394.06
October 2020	61	\$ -	-	-	-	394.06	(75,090.00)	961.97	-	-	(73,733.97)
November 2020	118	\$ -	96,615.00	1,596.50	-	394.06	(18,750.00)	477.55	-	-	80,333.11
December 2020	6	\$ -	21,810.00	325.50	-	394.06	-	(232.30)	-	-	22,297.26
January 2021	38	\$ -	40,620.00	589.00	-	-	-	(0.20)	-	-	41,208.80
February 2021	-	\$ -	-	-	-	394.06	-	-	-	-	394.06
March 2021	142	\$ -	107,160.00	1,705.00	-	394.06	(18,240.00)	504.64	-	-	91,523.70
Activity Totals			343,975.00	5,456.00	-	4,367.96	(115,740.00)	1,720.18	-	-	239,779.14